

NEW APPLICATION

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

JIM O'CONNOR - CHAIRMAN
LEA MÁRQUEZ PETERSON
ANNA TOVAR
KEVIN THOMPSON
NICK MYERS

In the matter of:

Philip Anthony Riposo and Hillary
Shaw Riposo, husband and wife,

Respondents.

DOCKET NO. S-21244A-23-0117

**NOTICE OF OPPORTUNITY FOR HEARING
REGARDING PROPOSED ORDER TO
CEASE AND DESIST, ORDER FOR RESTI-
TUTION, ORDER FOR ADMINISTRATIVE
PENALTIES, ORDER OF REVOCATION,
AND ORDER FOR OTHER AFFIRMATIVE
ACTION**

**NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING
EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER**

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that Respondent Philip Anthony Riposo has engaged in acts, practices, and transactions that constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act").

I. JURISDICTION

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

II. RESPONDENTS

2. Philip Anthony Riposo ("Respondent") is a married man who currently resides in The Villages, Florida. From at least 2017 through 2022, Respondent resided in Cave Creek, Arizona.

3. Respondent has worked as a securities salesman since 1974. In April 2009, Respondent registered as a salesman with the Commission.

4. Respondent has also been licensed as an insurance producer with the Arizona Department of Insurance and Financial Institutions since October 2018.

5. Hillary Shaw Riposo (“Respondent Spouse”) has been the spouse of Respondent Riposo since at least 2007, which includes the period relevant to this proceeding. Respondent Spouse is joined in this action under A.R.S. §44-2031(C).

6. At all relevant times, Respondent and Respondent Spouse were acting for their own benefit, and on behalf of and for the benefit of the marital community.

III. INTRODUCTION

7. Respondent's former employer discovered Respondent had taken significant sums of money from a customer account through the guise of selling fictitious investments. Respondent then created fake account statements, which he conveyed to the customer to conceal the theft. When confronted, Respondent admitted that he had taken money from multiple customers, starting in 1988, then issued fake account statements to those customers as well.

8. In this proceeding, the Division seeks to revoke Respondent's securities registration in the State of Arizona, and further, seeks restitution for the victims of Respondent's illegal conduct, plus administrative penalties.

IV. FACTS

9. In December 2015, Respondent became associated with United Planners Financial Services (“UPFS”), a securities dealer with headquarters in Scottsdale, Arizona.

10. On March 1, 2022, UPFS received a complaint from one of Respondent's customers describing difficulty in obtaining funds from his investment account. Upon investigating, UPFS learned (i) that Respondent was corresponding with the customer using an unapproved email account; (ii) that Respondent was using unapproved letterhead; (iii) that Respondent was sending checks to the customer out of an account for Respondent's business; and (iv) that the customer did not appear to have any assets on deposit with UPFS. This information set off alarm bells within UPFS and an investigation ensued.

11. On the morning of March 3, 2022, UPFS received copies of fake account statements that Respondent had provided to the customer. Later that morning, four UPFS representatives made an unannounced visit to Respondent's home office in Cave Creek, Arizona. Respondent initially denied any wrongdoing. However, when confronted with the documents UPFS had gathered, Respondent admitted to taking funds from multiple customers for his personal use. He had engaged in such activities for over 30 years, taking at least \$300,000 from customers.

12. UPFS terminated Respondent's association with the firm that same day, effective immediately. UPFS seized all paper and electronic files in Respondent's office that related to the securities business. Among the seized files were fake account statements that Respondent created for multiple customers over many years.

13. Issuing fake account statements allowed Respondent to conceal his theft from customers. Respondent created most (if not all) of the seized fake account statements while he was registered as a salesman with the Commission.

14. UPFS reported Respondent's termination, and the reasons therefor, to the Financial Industry Regulatory Authority ("FINRA"), which is the self-regulatory organization that oversees securities broker-dealers. On April 18, 2022, FINRA entered an order permanently barring Respondent from working in the securities industry.

15. The Division has learned that Respondent and Respondent's Spouse are now living in The Villages, Florida. In June 2022, just two months after FINRA permanently barred Respondent, Respondent's Spouse became licensed as an insurance salesperson in the State of Florida. Respondent has admitted to "assisting" in that business.

V. VIOLATION OF A.R.S. § 44-1991

(Fraud in Connection with the Offer or Sale of Securities)

16. In connection with the offer or sale of securities within or from Arizona, Respondent directly or indirectly: (i) employed a device, scheme, or artifice to defraud; (ii) made untrue statements of material fact or omitted to state material facts that were necessary in order to make the statements

made not misleading in light of the circumstances under which they were made; or (iii) engaged in transactions, practices, or courses of business that operated or would operate as a fraud or deceit upon offerees and investors. Respondent's conduct includes, but is not limited to, the following:

- a) Offering and selling fictitious securities to customers;
- b) Taking the proceeds of customer securities for his personal use and benefit; and
- c) Creating and disseminating fake account statements to conceal his theft of customer funds.

17. This conduct violates A.R.S. § 44-1991.

18. Respondent made, participated in, and/or induced these unlawful sales of securities and is liable pursuant to A.R.S. § 44-2003(A).

VI. REMEDIES PURSUANT TO A.R.S. § 44-1962

(Revocation of Salesman Registration; Restitution, Penalties, or Other Affirmative Action)

19. Respondent's conduct is grounds to revoke his registration as a securities salesperson with the Commission pursuant to A.R.S. § 44-1962(A). Specifically, revocation of Respondent's registration would be in the public interest, and:

- a) Respondent has violated the Securities Act, within the meaning of A.R.S. § 44-1962(A)(2) by (i) employing a device, scheme, or artifice to defraud in violation of A.R.S. § 44-1991(A)(1); (ii) making untrue statements and misleading omissions in violation of A.R.S. § 44-1991(A)(2); and (iii) engaging in a practice of course of business that operates as a fraud or deceit in violation of A.R.S. § 44-1991(A)(3);
- b) Respondent has not been employed by a registered dealer, within the meaning of A.R.S. § 44-1962(A)(5), since March 3, 2022;
- c) Respondent is subject to an order of an SRO revoking his membership as a securities broker, within the meaning of A.R.S. § 44-1962(A)(8), because on April 18, 2022,

1 FINRA entered an order permanently barring him from working in the securities
2 industry; and

3 d) Respondent engaged in dishonest or unethical conduct in the securities industry
4 within the meaning of A.R.S. § 44-1962(A)(10) by:

- 5 • Employing, in connection with the purchase or sale of a security, a manipu-
6 lative or deceptive device or contrivance, within the meaning of A.A.C. R14-4-
7 130(A)(14);
- 8 • Making unauthorized use of securities or funds of a customer, or converting
9 customer securities or funds for personal benefit, within the meaning of A.A.C.
10 R14-4-130(A)(16); and
- 11 • While registered as a salesman, effecting securities transactions which have
12 not been recorded on the records of the dealer with whom such salesman is
13 registered at the time of the transaction, within the meaning of A.A.C. R14-4-
14 130(A)(17).

15 20. Respondent's conduct is grounds to assess restitution, penalties, and/or take appropriate
16 affirmative action pursuant to A.R.S. § 44-1962(B). Specifically, Respondent has engaged in dishonest
17 or unethical practices in the securities industry within the meaning of A.R.S. § 44-1962(A)(10), as
18 described above.

19 VII. REQUESTED RELIEF

20 The Division requests that the Commission grant the following relief:

- 21 1. Order Respondent to permanently cease and desist from violating the Securities Act
22 pursuant to A.R.S. §§ 44-2032 & 44-1962;
- 23 2. Order Respondent to take affirmative action to correct the conditions resulting from
24 Respondent's acts, practices, or transactions, including a requirement to make restitution pursuant to
25 A.R.S. §§ 44-2032 & 44-1962 in an amount reasonably believed to be in excess of \$300,000;
- 26 3. Order Respondent to pay the state of Arizona administrative penalties of up to five
thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;

4. Order Respondent to pay the State of Arizona administrative penalties, pursuant to A.R.S. § 44-1962;

5. Order the revocation of Respondent's registration as a securities salesperson pursuant to A.R.S. § 44-1962;

6. Order that Respondent and Respondent Spouse be subject to any order of restitution, administrative penalties, or other appropriate affirmative action; and

7. Order any other relief that the Commission deems appropriate.

VIII. HEARING OPPORTUNITY

Each respondent, including Respondent Spouse, may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-306. **If a Respondent or a Respondent Spouse requests a hearing, the requesting respondent must also answer this Notice.** A request for hearing must be in writing and received by the Commission within 10 business days after service of this Notice of Opportunity for Hearing. The requesting respondent must deliver or mail the request to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's website at <http://www.azcc.gov/hearing>.

If a request for a hearing is timely made, the Commission shall schedule the hearing to begin 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the parties, or ordered by the Commission. If a request for a hearing is not timely made the Commission may, without a hearing, enter an order granting the relief requested by the Division in this Notice of Opportunity for Hearing.

Persons with a disability may request a reasonable accommodation such as a sign language interpreter, as well as request this document in an alternative format, by contacting Carolyn D. Buck, ADA Coordinator, voice phone number (602) 542-3931, e-mail cdbuck@azcc.gov. Requests should be made as early as possible to allow time to arrange accommodation. Additional information about the administrative action procedure may be found at <http://www.azcc.gov/securities/enforcement/procedure>.

IX. ANSWER REQUIREMENT

Pursuant to A.A.C. R14-4-305, if a Respondent or a Respondent Spouse requests a hearing, the requesting respondent must deliver or mail an Answer to this Notice of Opportunity for Hearing to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within 30 calendar days after the date of service of this Notice. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at <http://www.azcc.gov/hearing>.

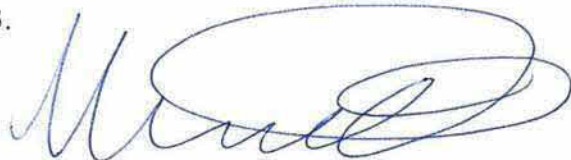
Additionally, the answering respondent must serve the Answer upon the Division. Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007, addressed to F. Chet Taylor.

The Answer shall contain an admission or denial of each allegation in this Notice and the original signature of the answering respondent or respondent's attorney. A statement of a lack of sufficient knowledge or information shall be considered a denial of an allegation. An allegation not denied shall be considered admitted.

When the answering respondent intends in good faith to deny only a part or a qualification of an allegation, the respondent shall specify that part or qualification of the allegation and shall admit the remainder. Respondent waives any affirmative defense not raised in the Answer.

The officer presiding over the hearing may grant relief from the requirement to file an Answer for good cause shown.

Dated this 10th day of May, 2023.



Mark Dinell
Director of Securities